

FISCAL MEMORANDUM

HB 615 – SB 1429

April 11, 2007

SUMMARY OF AMENDMENT (005032): Prohibits foods containing artificial trans fat to be stored, distributed, held for service, used in preparation of any menu item, or served in any school nutrition program; requires such nutrition programs to maintain on sight the original labels of all food products that meet certain criteria.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$85,000
Increase Local Govt. Expenditures* - \$2,840,000

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$85,000
Increase Local Govt. Expenditures* - \$2,840,000
Decrease Local Govt. Revenues – Exceeds \$100,000

Assumptions applied to amendment:

- Increase in state costs of \$85,000 would include one staff person (registered Dietitian) in the Department of Education to monitor the State schools at a salary and benefits of \$70,000; travel expenses of \$10,000; and training for State staff of \$5,000.
- Increase in costs of \$2,840,000 to local governments for a part-time registered dietitian at \$20,000 per school system which would include 136 LEAs, School for the Blind, School for the Deaf/West TSD, Department of Children's Services (both foster and institution) Department of Correction (both foster and institution) and York (not including private and residential). \$20,000 x 142 school systems = \$2,840,000.
- There could be a loss of revenue to the schools for the loss of certain ala carte items which would no longer be permitted to be sold to students in grades 9-12 because of the trans fat content. Such decrease in local government revenues cannot be determined but can be estimated to exceed \$100,000 statewide.

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- Grades K-8 currently meet minimum nutrition standards and would not be significantly impacted.
- The school systems currently receive USDA commodities. According to the Department of Education these commodities or bulk items are not nutrition labeled. Approximately 110,000,000 lunches (all inclusive) are served each year in the 1,699 public schools. The USDA provides commodities valued at \$.17 for each meal served by the school systems, which equates to \$18,700,000 for the 110,000,000 lunches served. Some of these USDA commodities may be deemed unusable by the school systems based on the fact that the USDA does not have any guidelines regarding the use of food products containing trans fat.
- Contracts with food vendors would either be amended to incorporate the new nutrition requirements or honored until the expiration of the contract term.

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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